

Fiscal Note

Fiscal Services Division



SF 2356 – Food Bank Sales Tax Exemption (LSB 5984SV)

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Fiscal Note Version – New

Description

Senate File 2356 provides a sales tax exemption for personal property sold and services provided to qualifying nonprofit food banks. This Bill also provides a definition for nonprofit food banks.

Assumptions

Assumptions for the fiscal note include:

- Based on data obtained by the Department of Revenue from the Iowa Food Bank Association there are eight food banks serving Iowa. Six will remit sales tax totaling approximately \$78,500. Of the remaining two food banks, one is currently exempt from paying sales tax and the other remits most of its sales tax to Nebraska.
- Growth in taxable sales is assumed to be 3.5% in FY 2015, 3.9% in FY 2016, 3.6% in FY 2017, and 2.5% in FY 2018.
- The effective statewide local option sales tax (LOST) rate is 0.87%.

Fiscal Impact

The following table provides the estimated fiscal impact of **SF 2356**. Annually, the State sales tax amount is estimated to be reduced by less than \$100,000.

Sales Tax Reduction Amounts				
	General Fund Portion		SAVE Portion	LOST Portion
FY 2015	\$	59,000	\$ 12,000	\$ 10,000
FY 2016		61,000	12,000	10,000
FY 2017		63,000	12,000	10,000
FY 2018		65,000	12,000	10,000
SAVE = Secure an Advanced Vision for Education				
LOST = Local Option Sales Tax				

Sources

Iowa Department of Revenue
LSA calculations

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to **Joint Rule 17** and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
